Response to Audit Finance and Administration Committee
Report on Fair Wage Policy
March 25, 2013

On November 12, 2012 concerns of IBEW 105 and UA67 regarding major changes to Hamilton’s fair wage policies were raised. Despite meeting with City Staff in December, I am here again to raise the single biggest issue; that any collective agreement be recognized as a substitute to the Fair Wage Schedule. But first, I will point out a few things that need further clarification in the report.

The Federal Government has scrapped its Fair Wage Policy for the second time. It was repealed with one line in the Spring 2012 budget, no consultations no warning. Mulroney did this in the 1980’s, it was restored by Chretien in the 1990’s and now killed again by Harper thanks to efforts by Merit Shops Canada which they gleefully boast about the lobbying effort on their website. So let’s all understand that the Feds killed fair wage not because of bad policy but it interferes with their ideology!

The report creates in the mind of readers that fair wage has no future as only 8 municipal governments have adopted this policy. The City of Pickering adopted this policy only two years ago. Currently it is being reviewed for possible adoption by a major City in south western Ontario, one in central, and one in eastern Ontario. A local school board is also evaluating the merits of FW and will report soon to the trustees.

Another area of concern is the potential penalty to an employee that tries to make a fair wage complaint. Fair wage is about being fair to all employees, particularly to a non union individual who feels that he or she did not receive the correct level of compensation. Under the new proposed policy found in section 11.3 “the City may waive the cost of investigation if the Employee is the initiator of the complaint”. By inserting the weasel word “may”, the City has just hung the sword of Damocles over the employee with the threat that they might have to pay $5000. No right minded individual is going to risk having to payout $5,000 when a fair wage top up is less than that amount. Where is the fairness? Does this make sense to you?

The single biggest question that must be asked, why has this report been written with a policy that favors Christian Labor Association Canada (CLAC) contractors over all union and non union contractors? If adopted by Committee and Council, this new FW policy will be biased in favor of Christian Labor Association contractors to the detriment of all other union or non union ones. What ever happened to leveling the playing field? Fair wage is about one rate schedule so that everyone competes, union and non union on the basis of a common wages. The contractor with efficient workers, great project management skills and the sharpest pencil wins, sometimes its union sometimes its not. Unless corrected at Committee, the scales of fairness will be lopsided in favor of Christian Labor Association contractors.

Remember Fair Wage policies encourage the development of local work forces, so that even should an out of town general contractor win the bid, it is still financially prudent to employ the local workforce to avoid travel costs, accommodation and food. Because everyone, either out of town or local earns the same prescribed hourly wage it just makes sense to use the locally based men and women. Do you want local tax dollars to remain local or be spent hundreds of miles away?

As you know, Ontario procurement policies prevent Municipalities from favoring local firms, but fair wage is a legal, provincially approved policy that encourages and preserves the local workforce.

Finally, The City of Hamilton should maintain a secular approach to its policies, be inclusive, and not let religious differences be exploited to the detriment of someone of another faith. How we worship, whether it be at Mass, Church, Synagog, or Temple is our own choice but the workplace must always be open to all men and women, based on our skill set, not on our personal faith. That is the Hamilton tradition and it must be maintained.

I would recommend that Committee either refer this matter back to staff to remove the Christian Labor Association bias, or simply receive this report for information and retain the current policy which is in effect.
What is Fair Wage?

Fair Wage policy is an invaluable tool for ensuring that construction work is carried out efficiently, competently and safely.

Fair Wage promotes a level playing field for local bidders while preserving the dignity of local individuals performing the work.

*Fair Wage requires all contractors, local or not, to pay or provide the same wages, benefits and hours to all workers, regardless if they are unionized or not. This keeps more work local.*

Municipalities know that paying quality wages ensures quality work and Fair Wage extends this policy to all those who receive hard earned tax dollars.

*Applying Fair Wage to construction (ICI) projects (usually over $500,000) promotes local work, local training and most important, keeps tax dollars local as well.*
Fair wage policies have been in effect in Canada for some time. In fact, certain areas had a fair wage policy in place for more than 60 years. Some are just finding out the savings from having such a policy.

Historical and new supporters of Fair Wage include:

The Provinces of Ontario, Manitoba and British Columbia;

Municipalities like Toronto, Oshawa, Clarington, Pickering, Hamilton, Thunder Bay, Sudbury, Montreal, Greater Vancouver and many more;

Universities/colleges, such as McMaster University, York University, University of Ontario: Institute of Technology & Durham College
What are the Cost Savings of Adopting a Fair Wage Policy?

Minimal increases in construction cost (2-4%)

Significant cost savings (11-17%) based on higher productivity gains resulting in lower repair work in construction

(Source: Impact of Fair Wage Policies on the Construction Industry)

Avoidance of legal costs associated with Bill C-45, where corporation’s could be subject to a charge of criminal negligence, as per section 217.1 which states:

“Every one who undertakes, or has the authority, to direct how another person does work or performs a task is under a legal duty to take reasonable steps to prevent bodily harm to that person, or any other person, arising from that work or task.”

(Source: Criminal Code of Canada/Westway Mine Bill)
Too many municipalities are the Insurance Companies best friend.

As the one with the deepest pockets, municipalities are the litigant of choice by those looking for a quick payday.

Win or Lose, claims against a single municipality often lead to higher premiums for all.

A Fair Wage policy ensures a safe and quality workplace.

Reduced risk means reduced liability and lower premiums.

"Wouldn’t you like to spend your tax dollars on local priorities instead of raising the profit margin of insurers?"
What are the Operation Implications of Fair Wage to Municipalities?

For most Municipalities, it takes from 20-40 hours per year to administer a Fair Wage Policy.

Investigations fees (e.g. $2500 per investigation) would cover administration costs and be an additional revenue source for the Municipality.

(In the City of Toronto, administration revenues from Fair Wage exceeded $27,000 in 2008.)
The Low Bid, Hidden Cost Life Cycle

Don't let your taxpayers pay for these surprise costs
What are the other Benefits of Fair Wage Policy?

- Enhanced reputation of the Municipality or Institution for ethical and fair business dealings
- Secure Tax Revenues and Protection of Public Investment
- Reduction of Liability Risk and Lower Insurance Premiums
- Increased Opportunities for Women and Younger Workers in the Skilled Trades
- A Level Competitive Playing Field for City Work
- Growth of Local Companies and Workforce
- Stable Labour Relations Ensures Minimal Worksite Disruption
Cost Savings of Fair Wage?

- Best Practice Skill Training
- Increased Safety Training
- Higher Productivity & Less Deficiencies
- Less Lost Time, Less Accidents
A Level Playing Field

Compared to most other industries, construction is significantly more vulnerable to destructive forms of competition.

Unregulated cut-throat bidding undermines employment conditions, erodes occupational safety standards, weakens industry investment in skills training, promotes evasion of legal obligations and puts smaller local companies at a competitive disadvantage.

Absence of Fair Wage policies in the public sector increase the risk of municipalities being stuck with hidden and unexpected costs.

By making sure all bidders are on the same level field, Fair Wage Policies ensures all contractors adopt more efficient construction methods, increase adherence to safety regulations and strengthen overall project management.

Fair Wage Policies are a necessary counter-balance to those who want to take advantage of municipalities by lower quality work masked by seemingly lower bid prices. Once they are long gone, the real costs to taxpayers too often become apparent.
A more skilled work force is the guarantor of a productive and innovative industry. A skilled work force is essential to a quality construction product. Skilled workers provide a quality return for scarce tax dollars.

By promoting level competition rather than cut-throat bidding, Fair Wage Policies support productivity and innovation in the construction industry.

In the construction industry, contractors who invest in apprenticeship and skills development, know that this investment protects the local economy. Without Fair Wage Policies, contractors that do not invest in apprenticeship and skills development use this cost advantage to undermine those contractors that do.

Without industry investment in training, opportunities for younger workers, especially women, are virtually non-existent.

Fair Wage Policies encourage the use of more skilled and better qualified labour and thereby support industry and worker investments in skills training and apprenticeship.
Standards & Skills Development

A commitment to quality working conditions and adherence to high standards for occupational safety go hand-in-hand. Conversely, contractors that base low bids on cheap labour, weaker or non-existent health and safety standards, and unsafe workplaces do so by accepting greater risks of occupational injury. This increased risk ends up costing you, the municipality, not the bidder.

"It is patently unreasonable for governments, on the one hand, to support and advocate the expansion of the apprenticeship system and more industry investment in skills development and then, on the other hand, give a competitive advantage on public sector work to employers who neither support the apprenticeship system nor invest in skills development."
Local Councils and Staff know the challenge of stretching hard earned tax dollars and even more importantly, they know that every dollar spent locally ends supporting the local tax base.

By supporting a level playing field in local bidding, Fair Wage Policies promote local companies, local employment and thereby increase the benefits to the local economy.

It is not in the local interest to fund out of town, or even out of province, companies from local funds. All skill trades are drawn locally, supporting and investing in each new-build project.

“Municipalities win globally by hiring locally.”

Fair Wage Policies, if properly designed, curtail “fly by night” practices and thereby create a level playing field for competitive bidding.
In the next decade, tens of thousands of skilled trades workers are set to retire.

This opens up lots of opportunities for young workers, including growing numbers of women, to enter apprenticeships and skilled trades training.

Fair Wage policies encourage investment in training and gives these young workers the chance to both train and work locally.

Too many young workers are being trained locally but end up on the bus to other provinces to find work.

Supporting Fair Wage ensures these young workers raise their families and pay the taxes locally not elsewhere.

Fair Wage Promotes Equity
Thank You, For Your Time and Consideration!

Questions?

Comments!
What is Fair Wage?
Who has already adopted Fair Wage?

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Safer Workplace

Lower Premiums

Reduced WSIB Claims

Reduced Liabilities
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MORE CHANGE ORDERS

LOW QUALITY BIDS

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